

**SVKM's Narsee Monjee College of Commerce & Economics**

<b>Program: Bachelor of Commerce (Economics and Analytics)</b>				<b>Semester I</b>	
<b>Course: Financial Derivatives and Commodity Market</b>				Code:	
<b>AY: 2024-25</b>					
Teaching Scheme				Evaluation Scheme	
Lecture	Practical	Tutorial	Credits	<b>Internal Continuous Assessment (ICA)</b>	<b>Term End Examinations (TEE)</b>
				20	30
30	-	-	02		
<b>Learning Objectives</b>					
<ul style="list-style-type: none"> <li>Acquire knowledge of how forward contracts, futures contracts, swaps and options work, how they are used and how they are priced.</li> <li>Have a good understanding of derivative securities</li> </ul>					
<b>Learning Outcomes</b>					
<ul style="list-style-type: none"> <li>Students will understand the different types of derivative instruments their features &amp; importance.</li> <li>Students will understand how to hedge a position, to increase leverage, or to speculate on an asset's movement by using future contracts, forward contracts, options.</li> <li>Students will understand the importance of options, options Greeks.</li> <li>Students should understand the trading and clearing mechanism</li> </ul>					
<b>Pedagogy</b>					
Lecture method, Debates, Group Discussions, Group activities, using excel to calculate option pricing, exploring websites to calculate margin money blocked in different strategies					
Detailed Syllabus Plan					
Module	Module Content	Module wise Pedagogy Used	Duration of Module	Reference Book	
I	<b>Introduction to and Commodity Market</b> <input type="checkbox"/> Definition – Types- Participants and Functions-	Lecture method, Debates, Group Discussions, Group activities.	10 lectures	<input type="checkbox"/> FINANCIAL DERIVATIVES THEORY, CONCEPTS AND PROBLEMS	

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	<p>Development of Exchange traded derivatives- Global derivatives markets- Exchange traded vs OTC derivatives markets- Derivatives trading in India</p> <p>Introduction to Commodity Market:- Meaning of the term Commodity, Commodity Markets, Market for agricultural commodities, Working of agricultural markets in India, Commodity Exchanges around the world, Commodity Exchanges in India. Physical Markets and need for derivatives market, Factors affecting commodity prices, Evolution of commodity derivatives, Physical and Derivatives Market for Commodities, Regulations of Commodity Markets.</p>			<p>Gupta S.L., PHI, Delhi  <input type="checkbox"/> FINANCIAL DERIVATIVES: S S S Kumar:  <input type="checkbox"/> DERIVATIVES and Risk Management Basics, Cengage Learning, Delhi.  Stulz M. Rene,  <input type="checkbox"/> RISK MANAGEMENT &amp; DERIVATIVES, Cengage Learning, New Delhi.  <input type="checkbox"/> Fundamentals of Financial Derivatives : Prafulla Kumar Swain : Himalaya Publishing</p>
<p align="center"><b>II</b></p>	<p><b>Futures and options- introduction</b></p> <p>Futures: Introduction- Future terminology- Key features of futures contracts- Future vs. Forwards- Pay off for futures- Equity futures- Equity futures in India- Index futures- Stock futures- Future trading strategies Hedging- Speculation- Arbitrage- Spread trading. · Options: Introduction- Option terminology- Types- Options pay off- Options trading strategies- Hedging- Speculation- Arbitrage- Straddle- Strangles- Strips and Straps – Spread trading</p> <p><b>Commodity Derivatives:-</b></p>	<p>Lecture method, Debates, Group Discussions, Group activities, Role play,</p>	<p>10 lectures</p>	

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	Meaning of Derivatives, types of derivatives, commodities traded in derivatives markets, pricing of futures, cost of carry and convenience yield, participants of derivatives market, Hedging using futures.			
III	<p><b>Trading Clearing and Settlement of Options and Futures</b></p> <ul style="list-style-type: none"> <li>□ Futures and Options trading system- Trader workstations- contract specification- specification for stock and index eligibility for trading charges</li> <li>□ Clearing entities and their role- clearing mechanism – adjustment for corporate actions- open position calculation</li> <li>□ Margining and settlement mechanism- Risk management- SPAN – Mechanics of SPAN- Overall portfolio margin requirements.</li> </ul>	Lecture method, Discussions, Class activities, Written assignments	10 lectures	

**Evaluation Pattern:**

The performance of the learner will be evaluated for 50 marks in two components. The first component will be a Continuous Assessment with a weightage of 40% of total marks per course. The second component will be a Semester end Examination with a weightage of 60% of the total marks per course. The allocation of marks for the Continuous Assessment and Semester end Examinations is as shown below:

**a). Details of Continuous Assessment (CA)**

40% of the total marks per course:

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Total Marks	External Component	Internal Component[ICA]	ICA Component	
			Internal test	Assignment
50	30	20	10	10
1] For 50 Marks-ICA Test Component-2 test of 10 marks, Average of the 2. 2] Duration: 30 marks -1 hour, 10 marks-20 Minutes 3]ICA Test-Offline				

**b. End semester exam(60% of total marks)**

SEMESTER END ASSESSMENT: 30 MARKS		DURATION: 1 HOUR
<p><b><u>Question Paper Pattern (Semester –end Examination)</u></b></p>		
<p>All questions are compulsory</p>		
Q. No.	Particulars	Marks
Q.1.	A) Answer in brief OR B) Answer in brief	8
Q.2.	A) Answer in brief OR B) Answer in brief	8
Q.3.	A) Answer in brief OR B) Answer in brief	8
Q.4.	Read the following Case Study and answer the questions that follow.	6